

**United States Department of the Interior
Bureau of Land Management**

**Energy Policy Act Categorical Exclusion
DOI-BLM-CO-S070-2014-0020-CX**

May 2014

HD3 Well Lateral

Location:

T37N, R19W, Sec 13
Canyons of the Ancients National Monument
Montezuma County, Colorado

Applicant/Address:

Kinder Morgan CO₂ Company, LP
17801 Highway 491
Cortez, CO 81321

**U.S. Department of Interior
Bureau of Land Management
Canyons of the Ancients National Monument
27501 Highway 184
Dolores, CO 81323**



ENERGY POLICY ACT OF 2005 SECTION 390 CX REVIEW AND DOCUMENTATION FORM

**UNITED STATES DEPARTMENT OF INTERIOR
BUREAU OF LAND MANAGEMENT
TRES RIOS FIELD OFFICE**

CATEGORICAL EXCLUSION REVIEW AND APPROVAL For Activities Associated with Oil and Gas Development Under Section 390 of the Energy Policy Act of 2005

Project Name: HD3 Well Lateral

NEPA Number: DOI-BLM-CO-S070-2014-0020-CX

Lead Preparer: Tracy Perfors

Project Description:

Kinder Morgan CO₂ Company, LP (Kinder Morgan) operates an existing CO₂ production well (named HD3) within Canyons of the Ancients National Monument in Montezuma County, Colorado. The HD3 well is a vertical well which was permitted and drilled in 1997 and is still in production. It is on leasehold COC¹ 33300.

Kinder Morgan is proposing to drill an approximately 4000 foot lateral on the HD3 well, into lease COC 10368. The well is currently "shut-in" due to poor production, and Kinder Morgan expects the lateral to result in increased production, to better develop the McElmo Dome Unit without any new surface disturbance.

Drilling activities would be completed utilizing a work-over drill rig with a closed-loop system for drill cuttings handling, with drill cuttings circulated through a portable steel tank. If the tank approaches capacity, a hydro vacuum truck would remove liquids and solids. All cuttings and fluids would be disposed offsite at permitted facilities. No reserve pits will be necessary to drill the lateral. A portion of the current interim reclamation will have to be rebuilt to use as a well pad during drilling, but no activities will take place in previously undisturbed areas. No access road or pipeline improvements are required for this project.

Approximately 70 total truck trips would be required to rebuild the well pad, bring in the drill rig and equipment, drill the lateral, and demobilize the drill rig. The road to the well pad is administrative use only – Kinder Morgan will supply a gate guard to control traffic through the existing locked Mockingbird Mesa gate during construction and drilling. Traffic supporting other oil and gas operations and other administrative uses will continue to have access at the Mockingbird Mesa gate.

It will take approximately 6 weeks to rebuild the well pad and drill the lateral. Flow back and testing of the completed well will take approximately 4 weeks, and interim reclamation will

¹ "COC" indicates the location of the lease. "CO" shows that the minerals are located in the state of Colorado, and the second "C" shows the lease was originally issued through the Colorado Springs land office.

be completed within 6 months, depending on season and weather. Once the well is operational, it would be visited approximately weekly by Kinder Morgan maintenance staff to verify security, compliance, and log readings. In the event of equipment failure, repairs would be implemented immediately to address problems.

Applicant Committed Design Criteria

Kinder Morgan will use a closed-loop drilling rig and remove cuttings to a permitted disposal facility.

Kinder Morgan will keep all operations within the well's original disturbance footprint. There will be no new surface disturbance.

Project Location: The HD3 well is located in Section 13, Township 37 North, Range 19 West, within Canyons of the Ancients National Monument, Montezuma County, CO.

Plan Conformance: The Proposed Action is subject to and has been reviewed for conformance with the following plan (43 CFR 1610.5, BLM 1617.3):

Land Use Plan: Canyons of the Ancients National Monument, Record of Decision/Resource Management Plan (CANM RMP), June 2010.

Conformance Review: "Existing Leases – The Monument Proclamation requires that existing lease rights be honored. However, it also requires that development should not create any significant new impacts to cultural resources or other objects that the Monument was established to protect." CANM RMP p. 5.

The action is consistent with the objectives and terms and conditions of the CANM RMP because it utilizes existing infrastructure with no new ground disturbance required, avoids new impacts to cultural resources, and minimizes impacts to natural resources.

Energy Policy Act of 2005 Section 390 Categorical Exclusion Review

The action described above generally does not require the preparation of an environmental assessment (EA) or environmental impact statement (EIS), as it has been found to not individually or cumulatively have a significant effect on the human environment. The applicable Categorical Exclusion reference in Section 390 of the Energy Policy Act of 2005 is exclusion number (b)(1), for "*Individual surface disturbances of less than five (5) acres so long as the total surface disturbance on the lease is not greater than 150 acres and site-specific analysis in a document prepared pursuant to NEPA has been previously completed.*"

Documentation

The BLM NEPA Handbook (H-1790-1) provides specific instructions for using this CX.

1) *Is surface disturbance associated with the Proposed Action less than five acres?* Yes, there is no new surface disturbance associated with the Proposed Action.

2) *Is there less than 150 acres of surface disturbance, including the Proposed Action, on the entire leasehold?* The entire leasehold (COC33300) is 274.3 acres. Of that, approximately 12 acres have been disturbed for well pads, pipeline and access roads. See attached Lease Map for an aerial view of the lease and existing disturbance.

3) *Is the Proposed Action within the boundaries of an area included in a site-specific NEPA document? (The NEPA document must have analyzed the exploration and/or development of oil and gas (not just leasing) and the action/activity being considered must be within the boundaries of the area analyzed in the environmental assessment (EA) or environmental impact statement (EIS). The NEPA document need not have addressed the specific permit or application being considered.)* Yes, the HD3 CO₂ production well Application for Permit to Drill was analyzed with an EA – CO-138-97-28 “Well No. HD-3”. A FONSI was signed on May 23, 1997. The overall development activities of the McElmo Dome Unit were reviewed in the “Environmental Impact Statement for the Wasson Field/Denver Unit CO₂ Project” prepared in 1979. These documents have been reviewed and it has been determined to consider potential environmental effects with the proposed activity at a site-specific level.

Land Use Plan Conformance and Categorical Exclusion Review Record

The Proposed Action was presented to, and reviewed by, the Tres Rios Field Office (TRFO) interdisciplinary team on March 26, 2014. A list of resource specialists who participated in this review is available upon request from the Tres Rios Field Office. The table below lists resource specialists who provided additional remarks concerning cultural resources and special status species.

Review Record		
Name	Title	Resource Represented
Vince MacMillan	Archaeologist	Cultural Resources and Native American Religious Concerns
Tracy Perfors	Natural Resource Specialist	Project Lead
Gina Jones	NEPA Coordinator	NEPA Compliance
Nate West	Wildlife Biologist	Wildlife, Threatened and Endangered Species

Mitigation

In addition to the Applicant Committed Design Criteria listed above, the mitigations listed in Attachment 1 will be applied as Conditions of Approval to this project.

Compliance with NEPA:

The Proposed Action is categorically excluded from further documentation under the National Environmental Policy Act (NEPA) in accordance with Section 390 of the Energy Policy Act.

Signature of the Authorized Official:


Canyons of the Ancients Monument Manager

5.28.14
Date

ATTACHMENT 1 – CONDITIONS OF APPROVAL

ATTACHMENT 2 –LEASE MAP WITH OIL AND GAS ACTIVITY

Attachment 1 – Conditions of Approval

Exceptions or waivers from these COA are only granted with written permission from the BLM Tres Rios Field Office Natural Resource Specialist (NRS) —Tracy Perfors at (970) 882-6856.

1. The operator is required to follow the surface protections in the original HD3 Surface Use Plan (SUP) and permit Conditions of Approval (COA), and the Sundry Notice for the lateral. In the event of a conflict, these COA take precedence over any or all terms and conditions set forth in the original SUP, COA or Sundry Notice.
2. Kinder Morgan or Kinder Morgan's contractor will contact the BLM NRS at least 7 days before the start of any surface-disturbing activities and at least 7 days before start of any reclamation. A copy of the BLM's Conditions of Approval will be located at the well pad during drilling and completion activities.
3. All work, staging, and parking of equipment will be confined to the well pad and existing roads. No pullouts or off-road parking will be allowed unless specifically authorized. "Keep vehicles on the road surface" signs must be installed by the operator to assist with compliance, as needed. Vehicular access to the well pad will be strictly limited to authorized vehicles only, which are restricted to use on the drill pad only—no off-pad or off-road parking will be allowed.
4. At any time during construction or operation, if any dead or injured special status species is located, the BLM NRS will be notified within 24 hours.
5. If project activities will occur from February 1 to August 31, a raptor nest occupancy survey for the current breeding season will have to be completed. These dates may be shortened by the BLM Wildlife Biologist according to individual species' requirements. If an active raptor nest is located, no surface disturbing activities will be allowed within ½ mile of documented active raptor nests. This timing limitation applies to construction, drilling, completions operations, placing of production equipment, and associated infrastructure to include roads, pipelines, power lines, etc.
6. Soil erosion, such as silt and mud, must be contained in the road ROW or well pad edge of authorized disturbance.
7. Throughout the life of the project, trash and debris will be collected from the location and surrounding area, and removed to an approved sanitary landfill or disposal site. During construction and drilling, the operator will collect trash and debris on a regular basis and at least once per week. This trash can be stored in an appropriate on-site trash bin, which will prevent loss due to wind.
8. Spills and leaks will be cleaned up immediately, and contaminated soils will be removed to a permitted disposal site. BLM spill-reporting procedures will be followed.
9. All components of the closed-loop drilling system and all non-fresh water tanks (including hose and manifold connections) will be located within impermeable areas. These areas will be lined, at a minimum, with a 30-millimeter liner. All liners will be visibly inspected for holes and tears prior to installation. The largest impermeable area will provide 120 percent storage capacity. Absorbent pads, impermeable liners, or spill guard systems will be placed under all drilling equipment engines; any equipment placed on a liner will be set on traction mats/pads to protect the liner surface.
10. All non-fresh water storage tanks, including roll-off cuttings storage containers, will be pre-cleaned prior to arriving at the project location. All hose connections, flow lines, and manifolds will be inspected for wear or pitting prior to initial site activities

and will be inspected daily during operations to ensure no leaks have developed, and/or to address leaks as early as possible.

11. All solid drill cutting waste will be collected and stored in leak-proof, roll-off containers and transported to and disposed at an off-site, licensed commercial waste disposal facility. No waste material other than drill cuttings will be stored in the roll-off storage containers.
12. To the extent safely possible, downcast lighting and other light pollution prevention measures will be used during night-time drilling.
13. The Permit Holder (Holder) shall be responsible for control of all State listed noxious weed species on all disturbed areas. The Holder is responsible for consultation with the BLM NRS and local authorities for acceptable weed control methods and shall comply with the following:
 - a. Use of pesticides shall comply with all applicable Federal and State laws. Pesticides shall be used only in accordance with their registered uses within limitations imposed by the Secretary of the Interior. Prior to the use of pesticides, the Holder shall obtain approval from the NRS of a Pesticide Use Proposal showing the type and quantity of material to be used, pests to be controlled, method of application, locations of storage and disposal of containers, and any other information deemed necessary by the NRS.
 - b. All pesticide applicators must hold a valid Colorado Qualified Supervisor license or Certified Operator license, and the license must be valid for the applicable pesticide application category. For all areas treated, Pesticide Application Records (BLM Form 3-3-94) must be submitted to the BLM Tres Rios Field Office by November 1 of each year. Pesticide Application Records must be completed no later than 14 days following the pesticide application and must be maintained for 10 years.
14. Stormwater controls will be implemented, inspected, and maintained for full function for the entire project area for the life of the project. Inadequate stormwater controls as evidenced by erosion, cutting, soil loss, or sediment transport off site will require additional stormwater control measures. These stormwater controls should be designed and sized at a minimum for a 25-year storm event.

15. The following seed mix will be used in reclamation: **Pinyon-Juniper Mix**

<i>Common Name</i>	<i>Species Name</i>	<i>Variety</i>	<i>PLS lbs/ac*</i>
Indian Ricegrass	<i>Achnatherum hymenoides</i>	Paloma	3.7
Blue Grama	<i>Chondrosum gracile</i>	Alma	0.5
Muttongrass	<i>Poa fendleriana</i>	CO Source ID	0.2
Squirreltail	<i>Elymus elymoides</i>	Tusas	2.3
		Total	6.7

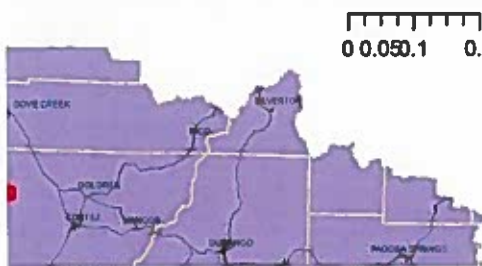
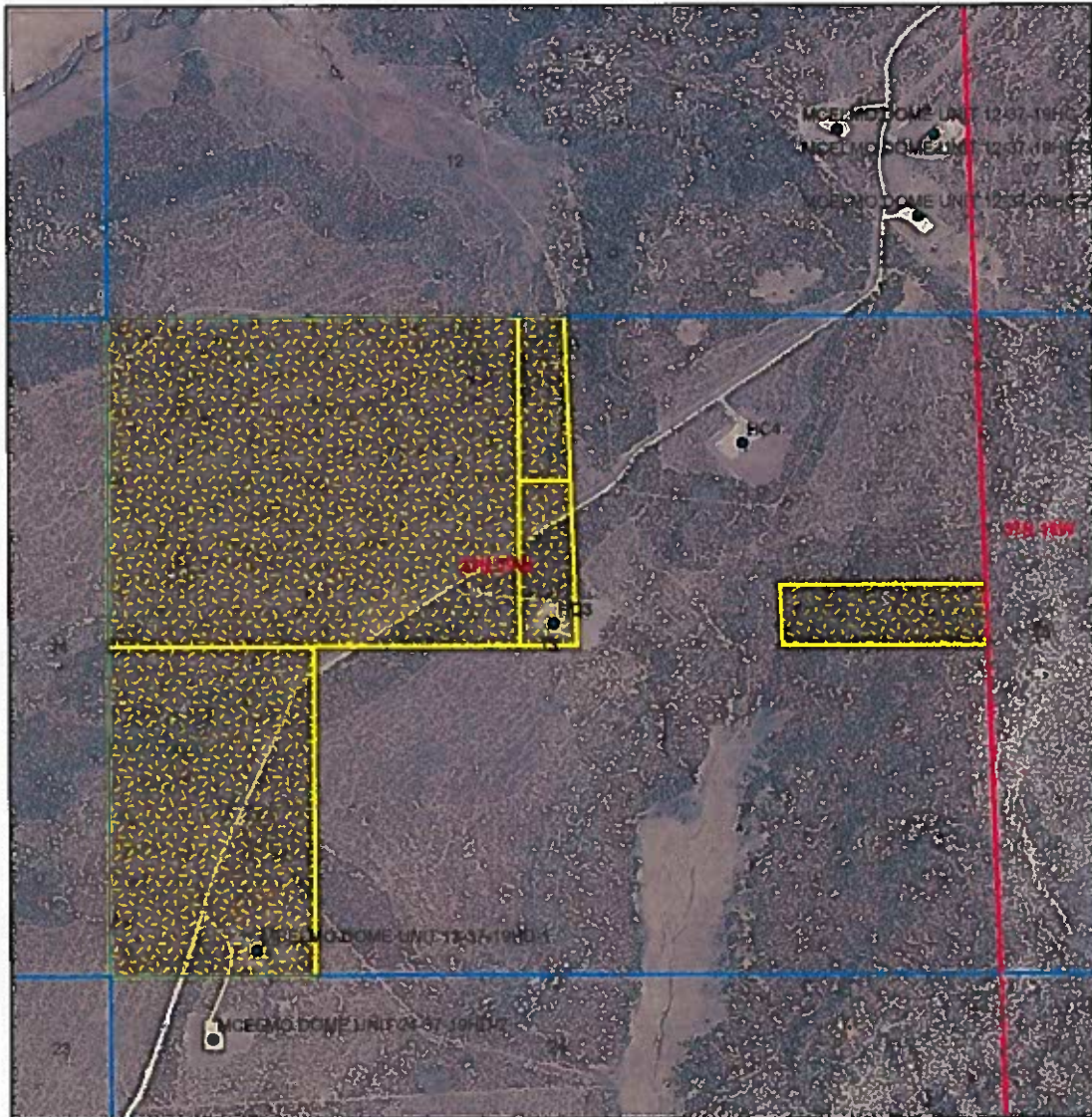
*This reflects the drilled seeding rate of 40 PLS/ ft², it needs to be doubled if broadcast.

16. The top six-inches of topsoil will be stripped and stockpiled within the authorized area of disturbance for use in reclamation. Topsoil storage piles shall not be more than 3-feet high (deep), and will be covered with a breathable organic layer to ensure topsoil integrity and prevent erosion.

17. During interim reclamation, those portions of the well pads deemed unnecessary for production shall be shaped to conform to the natural terrain, using 100-percent of the stockpiled topsoil, and should be reseeded, leaving only a small teardrop for access to the wellhead during operations, and the area reseeded. The brush, limbs, crushed stumps and other woody material stockpiled during construction, if any, should be spread back over reclaimed areas after seeding. Interim reclamation shall begin within 6 months of testing and completion of the wells, regardless of the timing of putting the well into production. Notify the BLM NRS seven days prior to seeding so that they may be present to witness reseeding activities.
18. If necessary, a fence shall be installed around the perimeter of the area undergoing reclamation. The fence shall be maintained in a manner to prevent cattle from entering the area and shall follow wildlife-friendly guidelines from Colorado Parks and Wildlife (<http://wildlife.state.co.us/SiteCollectionDocuments/DOW/LandWater/PrivateLandPrograms/FencingWithWildlifeInMind.pdf>). The fence shall be maintained in place for at least 3 years, and will be removed by the Operator when so instructed by BLM.
19. Reclamation (whether interim or final) will be considered successful when the desired vegetative species are established at 80% cover or higher, as compared to reference sites with undisturbed vegetation. In addition, erosion must be controlled, weeds considered a minimal threat, there must be evidence of vegetation reproduction, either spreading by rhizomatous species or seed production, and it is deemed likely that ground cover will return to a desirable condition. The operator will be required to continue re-vegetation efforts, at the direction of BLM, until these standards are met.

Attachment 2 – Lease Map with Oil and Gas Activity

COC 33300 Lease Map



0 0.05 0.1 0.2 Miles

● Producing well
 COC 33300
 Township & Range
 Sections

Map produced by Bureau of Land Management, Tres Rios Field Office. Projection: UTM Zone 13. Datum: NAD 1983. 3/27/2014.

The USFS and BLM attempt to use the most current and complete geospatial data available. Geospatial data accuracy varies by theme on the map. Using the map for other than their intended purpose may yield inaccurate or misleading results. The USFS and BLM reserve the right to correct, update, or modify geospatial inputs without notification.

**U.S. Department of Interior
Bureau of Land Management
Canyons of the Ancients National Monument
27501 Highway 184
Dolores, CO 81323**

Decision

Project Name: HD3 Well Lateral

NEPA Number: DOI-BLM-CO-S070-2014-0020-CX

Lead Preparer: Tracy Perfors

Decision:

It is my decision to implement the Proposed Action authorizing the drilling of a lateral on Kinder Morgan CO₂ Company's the HD3 well. This project is located at T37N, R19W, Sec 24, on Canyon of the Ancients National Monument in Montezuma County, CO.

Mitigation Measures:

The Conditions of Approval in Attachment 1 of the CX will be applied to this project.

Compliance with Laws and Conformance with the Land Use Plan:

This decision is in compliance with the Endangered Species Act and the National Historic Preservation Act. Consultation with the U.S. Fish and Wildlife Service, State Historic Preservation Office, and Native American Tribes was not required because no new ground disturbance was proposed and no suitable habitat for endangered species is present within the proposed project area. It is also in conformance with the 2010 Canyon of the Ancients National Monument Record of Decision/Approved Resource Management Plan. The proposed activity meets the requirements of other federal, state, and local laws.

Public Involvement:

The Proposed Action was presented to, and reviewed by, the Tres Rios Field Office (TRFO) interdisciplinary team on March 26, 2014.

Rationale:

The Proposed Action is categorically excluded from further documentation under the National Environmental Policy Act (NEPA) in accordance with Section 390 of the Energy Policy Act. The drilling of a lateral on the existing CO₂ well supports extraction operations with no new surface disturbance.

Administrative Remedies:

State Director Review

Under regulations addressed in 43 CFR 3165.3(b), any adversely affected party that contests a decision of the Authorized Officer may request an administrative review, before the State Director, either with or without oral presentation. Such request, including all supporting

documentation, shall be filed in writing with the BLM Colorado State Office at 2850 Youngfield Street, Lakewood, Colorado 80215 within 20 business days of the date such decision was received or considered to have been received. Upon request and showing of good cause, an extension may be granted by the State Director. Such review shall include all factors or circumstances relevant to the particular case.

Appeal

Any party who is adversely affected by the decision of the State Director after State Director review, under 43 CFR 3165.3(b), of a decision may appeal that decision to the Interior Board of Land Appeals pursuant to the regulations set out in 43 CRF Part 4.

Signature of the Authorized Official:



Field Manager

5.28.14

Date